

STATE OF MONTANA COMPLIANCE SUPPLEMENT FOR AUDITS OF LOCAL GOVERNMENT ENTITIES	REF: CNTY-5
	PAGE: 1 of 7
PROGRAM/SUBJECT: Counties – Claims, Warrants, Expenditures/Expenses	

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INDEX:	Claims Approval- - - - -	Page 1 of 7
	Warrants Signed - - - - -	Page 1 of 7
	Warrants Issued and Paid - - - - -	Page 2 of 7
	Claims Published in Newspaper- - - - -	Page 3 of 7
	Travel Expenses and Membership Fees and Dues- - - - -	Page 3 of 7
	Duplicate Warrants - - - - -	Page 5 of 7
	Outstanding Warrants - - - - -	Page 5 of 7
	Registered Warrants - - - - -	Page 6 of 7
	Restriction on Use of County Credit by Private Persons - - - - -	Page 6 of 7
	Full Disclosure of Public Expenditures on Federal Lobbying- - - - -	Page 7 of 7

COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

CLAIMS APPROVAL:

1. Compliance Requirement:

- The payment of claims should be authorized by the board of county commissioners only when claims are adequately itemized and/or supported by documentation. (MCA 7-6-2421 and 7-6-2202)

Suggested Audit Procedure:

- As part of expenditure testing, verify that claims are itemized and/or supported by adequate documentation. Documentation might include invoices or itemized billing statements, receiving reports, etc.

WARRANTS SIGNED:

2. Compliance Requirement:

- All county warrants issued, except those drawn on the redemption fund, are to be signed by the county clerk and the chairman of the board of county commissioners. (MCA 7-6-2601(1))

(Note: For this purpose, a "warrant" includes a check and an electronic funds transfer)

PROGRAM/SUBJECT: Counties - Claims and Warrants	REF: CNTY-5
	PAGE: 5 of 7

COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

DUPLICATE WARRANTS:

7. Compliance Requirements:

- Before a duplicate warrant is issued to replace a lost or destroyed warrant, the person entitled to receive it must deposit with the county treasurer an indemnity bond for twice the amount of the original warrant. An indemnity bond is not required:
 1. when the payee is the State of Montana or any agency, instrumentality, or officer of the State;
 2. when the owner or custodian is the State of Montana or any agency or officer of the State;
 3. when the owner or custodian is a bank, savings and loan association, credit union, admitted insurer, or trust company whose financial condition is regulated by the State;
 4. when it can be established that a crime has been committed and that as a result of such crime a county warrant, bond, or coupon has been stolen or destroyed; or
 5. when it can be established that a county warrant, bond, or coupon has been mailed to an incorrect payee.

(MCA 7-7-2104)

Suggested Audit Procedure:

- During expenditure testing and reading of the minutes of the county commissioners, and through observation during the audit, determine whether any duplicate warrants were issued during the audit period. If so, verify that an indemnity bond for twice the amount of the original warrant was deposited with the county treasurer, unless one of the exceptions noted above applies.

OUTSTANDING WARRANTS:

8. Compliance Requirements:

- All warrants remaining outstanding for a period of one year or longer should be canceled by action of the board of county commissioners. This action should be noted in the official minutes of the board. (MCA 7-6-2607(2))

(Note: Although the warrant may be canceled after one year, it appears the county obligation is not terminated until after 8 years, the time (statute of limitations) specified by MCA 27-2-202(1). (AGO #1, Vol. 21))

(Note: MCA 70-9-802(14)(b), provides that the provisions of the Uniform Unclaimed Property Act are no longer applicable to property held by a local government entity. Accordingly, cancelled warrants are no longer considered to be abandoned property for this purpose.)

PROGRAM/SUBJECT: Counties - Claims and Warrants	REF: CNTY-5
	PAGE: 7 of 7

COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

FULL DISCLOSURE OF PUBLIC EXPENDITURES ON FEDERAL LOBBYING

11. Compliance Requirements:

- **Effective October 1, 2007** - Each quarter of a fiscal year that a local government (i.e., county, a consolidated government, an incorporated city or town, a school district, or a special district), makes an expenditure for the services of a lobbyist to lobby an elected federal official or an appointee of an elected federal official, the local government shall make readily available for public inspection upon request a summary report itemizing each lobbying service provided and how much money was spent for each service.
- Each local government subject to the above shall:
 - (a) designate an office from which a copy of the report may be obtained; and
 - (b) post a copy of the report to the local government's website on the internet, if the local government has a website.

(MCA 5-7-120)

Suggested Audit Procedures:

- Through inquiry, a review of Board minutes, and a review of expenditures, determine if the local government incurred expenditures for lobbying of elected federal officials.
- If so, obtain a copy of the summary report itemizing the lobbying service, and if applicable, verify that the report is on the local government's website.